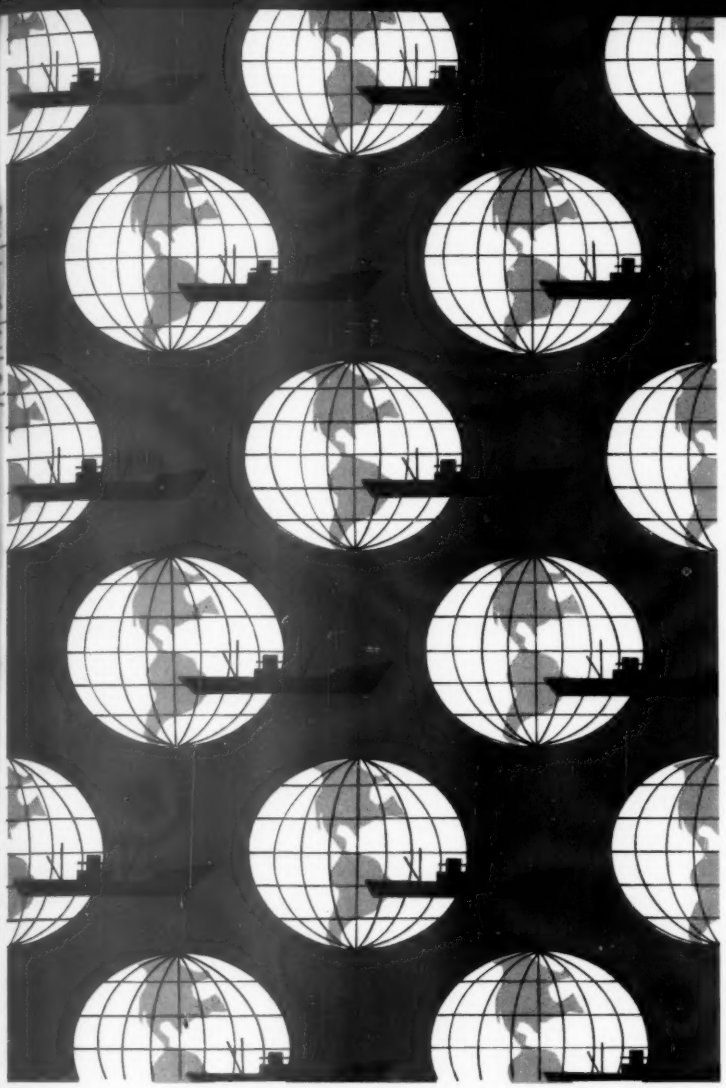

JUNE 6, 1966

AGRICULTURAL EXPORTS
OF MIDWESTERN USA

RECORD WHEAT SALES
TO SOUTH AFRICA IN 1966

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

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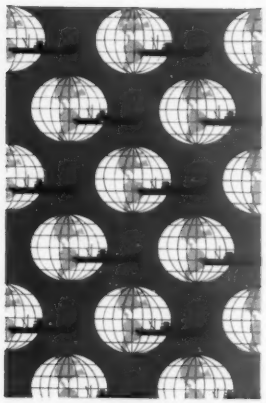

Symbolic of *Foreign Agriculture's* preoccupation with international trade are this week's cover and each of the issue's 23 articles.

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Secretary Freeman addresses trade conference, Minneapolis.

Farm Exports From Upper Midwest Mounting at Fast Pace

The Upper Midwest, last month, took a close look at its agricultural trade relations with the rest of the world, and found them to be surprisingly large, with big opportunities for further growth.

The examination was made in Minneapolis at an Upper Midwest Conference on Agricultural Export Trade in mid-May. Agricultural and business leaders from five States attended—Minnesota, Iowa, Wisconsin, and North and South Dakota. The conference was sponsored by the University of Minnesota and the U. S. Department of Agriculture in cooperation with the Minnesota World Trade Association.

The fact that foreign markets can become even bigger money-earners for farm and city people of the area was brought out repeatedly. The Department of Agriculture reported that exports of farm products from the Upper Midwest have risen twice as fast as for the United States as a whole. The Upper Midwest's share was estimated at $1.2 billion for fiscal year 1965-66, up 92 percent since 1959-60. The growth was given as over 100 percent for North and South Dakota, 90 percent for Iowa, 73 percent for Minnesota, and 33 percent for Wisconsin.

58 million pounds of turkey

A Minnesota businessman—Earl B. Olson, president of Farmers Produce Co., Willmar—said that U.S. turkey exports of 58 million pounds last year not only brought important income to farms and cities but boosted the domestic market by as much as 1 cent a pound. (Of these exports, his firm alone shipped 8 million pounds.)

Another Minnesota businessman and his firm received outstanding recognition at the conference for success in building export markets as the Presidential "E" Award was presented to Burton M. Joseph, president of I. S. Joseph Co., Inc., Minneapolis. By pelleting loose feeds for livestock, thereby making handling and shipping easier and cheaper, and by seeking out foreign markets for this pelleted feed, the I. S. Joseph firm increased its export business eightfold over the past 3 years.

Secretary of Agriculture Orville L. Freeman, a principal conference speaker, announced that agricultural exports for the United States as a whole are headed toward another new record:

"We now think farm exports will reach $6.7 billion this fiscal year, a figure nearly 50 percent above that of 1960. Large increases in exports of wheat, soybeans, and feed grains—much of these shipments originating in the Upper Midwest—will make this possible. The current level of $6.7 billion could well grow to $8 billion in 1970—and could rise to more than $9 billion by 1980."

State trade missions urged

Governor Karl F. Rolvaag of Minnesota told the conference that the opening of the St. Lawrence Seaway has converted the Great Lakes into an "unsalted sea" and from its inland ports an increasingly large amount of farm commodities will move directly to foreign markets.

Governor Harold Hughes of Iowa stressed the opportunity for agricultural States to set up their own export promotion activity, particularly by organizing trade missions to explore and promote in foreign markets. The State of Iowa has sent successful agricultural trade missions to Europe and the Far East, and many excellent sales contacts were made, he reported.

The fact that today's big and growing exports of U.S. farm products require close cooperation between private industry and government was stressed by several speakers. A $6.7-billion flow of farm exports is far too large to take place except through close collaboration, it was said.

Trading blocs criticized

Government work to lower world trade barriers is an important though often difficult first requirement of trade expansion, pointed out Dean Sherwood O. Berg of the University of Minnesota Institute of Agriculture. Liberalized trade, based on the well-known principle of comparative advantage, encourages both agricultural efficiency and consumer welfare, he said. He was critical of preferential trading blocs, such as the European Common Market and those of lesser developed nations, wherever they impede international efforts to lower trade barriers.

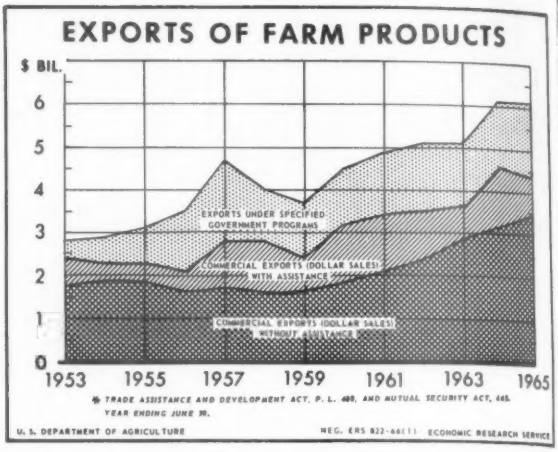
C. R. Eskildsen, associate administrator of USDA's Foreign Agricultural Service, listed five ways whereby the U.S. Government assists agricultural trade expansion:

- Foreign market intelligence reports, coming from

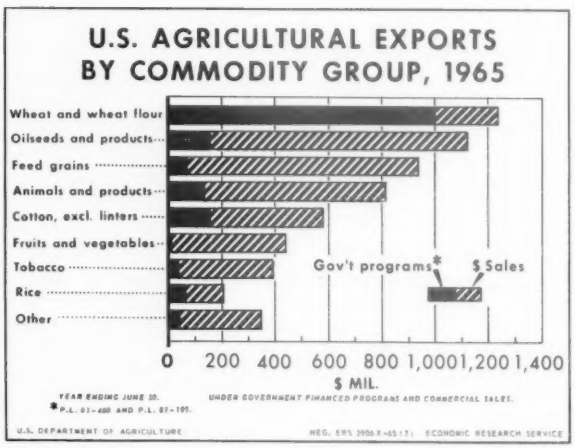
(Continued on page 8)

The Stake of the Upper Midwest in Agricultural Exports

The graphic story of why foreign trade in farm products is important to the United States—and particularly to the Upper Midwest area.



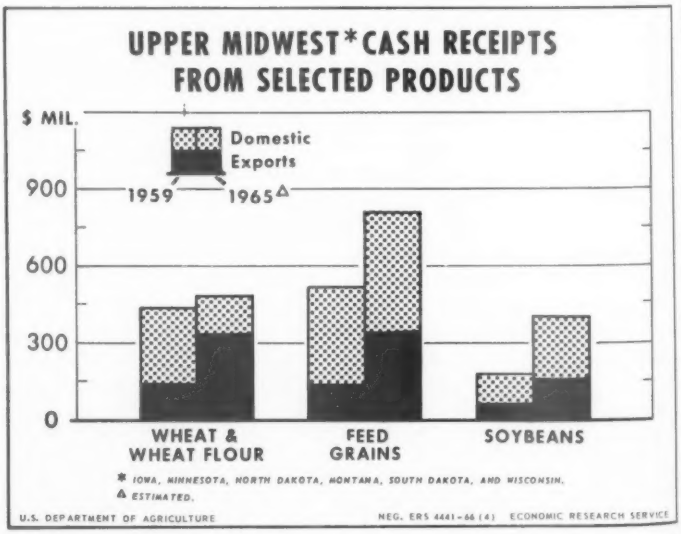
In the 7-year period since 1959, total agricultural exports have risen some $3 million. Most of this increase has come in commercial exports, now at about $5 million.



In 1965 wheat and wheat flour exports accounted for most of the exports under U.S. Government programs, which amounted to $1.7 billion. At right, this chart illustrates the critical importance of export markets to producers of major farm products in that it shows the proportion of the total market represented by exports.

Cash receipts received by Upper Midwest farmers from all farm products amounted to $8.2 billion in 1965, with wheat, soybeans, and feed grains accounting for $1.75 billion. The value has more than doubled since 1959, as shown on this chart.

The increased world demand for grain and soybeans is important to the Upper Midwest. Industrial countries such as Japan and those of Western Europe are requiring much larger quantities of feed grains for their increasing livestock production as a result of higher living standards. Aid to the hungry nations of the world such as India and Pakistan has further added to the demand for grain.

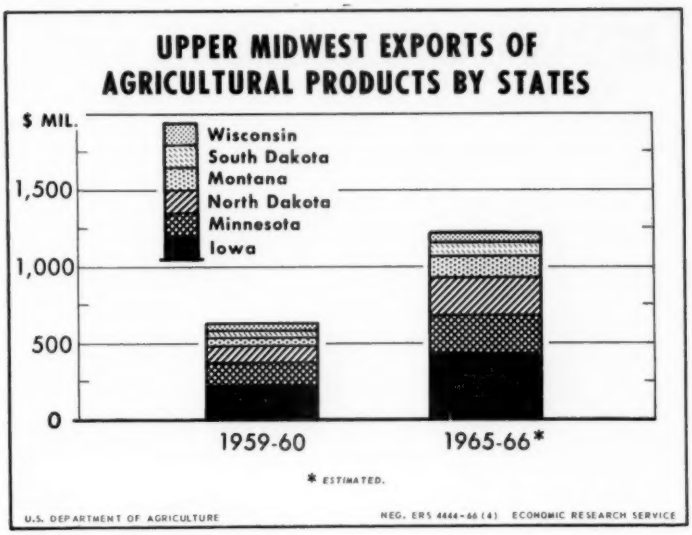


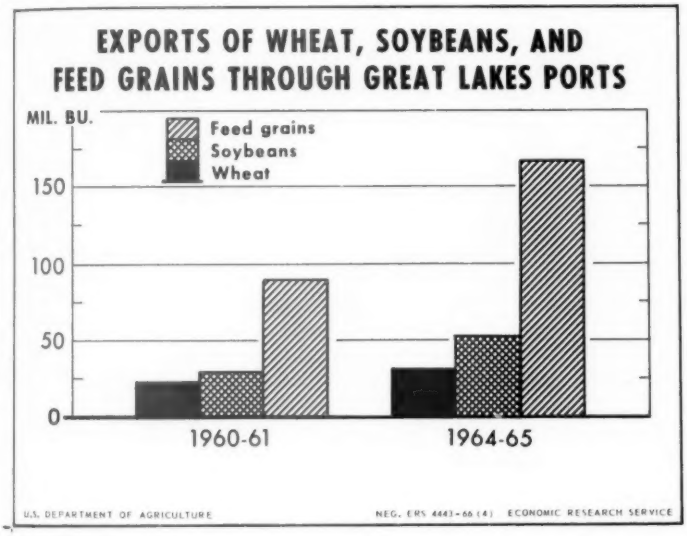
Charts and text from a talk by Nathan M. Koffsky, Director, Agricultural Economics, USDA, at the Upper Midwest Conference on Agricultural Export Trade, in Minneapolis.

The Upper Midwest's share of national exports was 14 percent in 1959-61 while in 1965-66, it is expected to be around 19 percent.

Each of the States in this area shared in the increase. North Dakota, Montana, and South Dakota each showed an increase of over 100 percent in the value of their shipments. Iowa, which accounts for the largest share, increased its exports by 90 percent during the 6-year period. Minnesota rose 73 percent, while Wisconsin, a heavy dairy state, increased its exports 33 percent.

The value of exports from the Upper Midwest in 1965-66 is estimated to run around $1.2 billion—up 92 percent from 1959-61.





The opening of the St. Lawrence Seaway in 1959 meant that the Lakes ports for the first time had access to ocean-going vessels. For the Upper Midwest, this was the beginning of a new trade relationship with the world at large.

Since the opening of the Seaway, the volume of grain has increased rapidly. In 1960-61 about 140 million bushels moved through Great Lakes ports. In 4 years the volume had increased 79 percent to about 250 million bushels.

Also interesting is the fact that in 1960-61, 12 percent of total grain and soybean exports originated at the Lake ports, whereas 4 years later their share of foreign shipments had risen to 16 percent.

Direct trade between the five customs districts in the Upper Midwest and foreign countries since the end of World War II has increased over 200 percent, compared to an overall increase in total foreign trade of 100 percent for the United States.

Annual exports of merchandise by Midwest customs districts averaged $216 million for the 5-year period 1946-50, and increased to an average of $761 million annually for the 1961-65 period.

Imports of the Upper Midwest have shown a similar trend. In 1965-66 they were three times their annual average value for the postwar period 1946-50.

Expansion Seen for Portugal's Agricultural Imports

By James Lopes
Foreign Regional Analysis Division
Economic Research Service

More increases appear in the making for agricultural imports by Portugal—now being buffeted for the third straight year by crop-damaging weather. The United States, generally a minor supplier to Portugal, is expected to share in these larger imports.

Under its current economic plan (the Interim Plan of 1965-67), Portugal has been working for a yearly expansion in agriculture of only 1.2 percent while hoping to attain a 10-percent rate for industry.

Unfavorable weather persists

Yet even this modest goal for agriculture has been difficult to attain as a result of continued bad weather. In 1964 and 1965, drought cut production of the forage and corn necessary to the livestock industry, as well as that of rice, pulses, and potatoes. Then came heavy rains and floods, delaying 1966 grain sowings and later damaging the planted crops.

It is believed that the more recent damage will drop 1966 production of pulses 20 percent below the poor 1965 level, and that of small grains to less than half the earlier year's output. In addition, fruit crops have been damaged by early frosts, high winds, and severe attacks of mildew.

One of the few bright spots in the 1966 picture is the abundance of green forage, whose short supply in the previous 2 years had led to a reduction in cattle numbers. The improvement in forage, plus government emphasis on development of the livestock industry, is expected to make possible a rebuilding of herd numbers this year.

Currently none of Portugal's traditional suppliers are in position to provide large amounts of the imports. Angola and South Africa, which normally account for most of the corn, have had poor crops of their own. North Vietnam, South Vietnam, and Brazil are out of the rice market, and neither Spain nor the Overseas Provinces of Angola and Mozambique can furnish the needed pulses.

For the United States—supplier of about one-eighth the 1964 import and a somewhat smaller share in 1965—these developments have already led to increased exports of feed grains and rice to Portugal, and there appears to be good potential for breeding cattle.

Livestock production to rise

Increases in effective demand for meat in Portugal are met by imports, as domestic production remains virtually static. Imports of meat by Portugal in 1964, at 14,000 metric tons, were more than double those for 1961 and 40 percent over 1963's; imports through November of 1965 were 13,000 tons.

Except for processed meat and related pork products, the market for U.S. meat has generally been small. Occasionally, however, low U.S. prices have resulted in sharp gains—as in 1964 when this country accounted for half the total meat imports.

These meat imports are to be eliminated eventually, according to the country's current development plan, which allocates some $10 million to livestock. Much of this is to go for imports of 40,000 head of breeding cattle—mainly Charolais and Hereford for beef and Holstein and Friesian for dairy—but up to now only a few have actually been purchased, mainly from Canada.

Along with the growth in livestock production should come a rise in imports of feed grains and oilseeds for the mixed feed industry. This industry, according to the plan, is to produce 800,000 tons of mixed feeds by 1967, or double the amount for 1962.

Through 1965, Portugal had been supplying all but 110,000 metric tons, or less, of its own feed requirements, and most of the remainder had come from the Overseas Province of Angola. This year, however, crop damage to feed grains, plus growing consumption, has boosted import requirements to 300,000 metric tons of corn and sorghum, and Angola will not be able to supply over 100,000 tons. This leaves 200,000 tons for other exporters.

Hitherto a very small exporter of feed grains to Portugal, the United States through April of fiscal 1966 had shipped Portugal 83,485 metric tons of corn and 15,943 of sorghums. This is more than triple the amount for all of the next best year—1963-64.

As livestock development gets underway, Portugal will also have to increase imports or production of oilseeds. Thus far, greater demand for the oil than for the meal, plus availability of peanuts from Angola, has worked in favor of large peanut imports and against other oilseeds. However, a partial switch in oilseed crushing—from peanuts to soybeans—would be advantageous to Portugal when demand for mixed feeds has risen, as soybeans yield a greater amount of cake and meal than do peanuts.

Wheat imports off, to rise in 1966-67

A good 1965 wheat harvest greatly reduced the wheat import requirement for 1965-66—to about one-half the 370,000-ton level of 1964-65. However, production this year is estimated to be the lowest since 1940, and predictions are that Portugal will be forced to import close to 500,000 metric tons of wheat in 1966-67.

The United States usually supplies most of Portugal's wheat though its share dropped to two-fifths of the total import in 1965.

Portugal's production of rice in 1965-66 (Sept.-Aug.) fell 20 percent below the preceding year's high level to 146,000 metric tons, leaving an import requirement of around 30,000 tons for 1966. Most of this could move from the United States, since North and South Vietnam and Brazil are not selling in the market this year. In the past, these nations had been highly successful: in 1963, South Vietnam supplied as much as 47 percent, compared with the U.S. share of around 33 percent; in 1964, the United States shipped nearly two-thirds of the total; and in 1965, Brazil and the United States each furnished about half the 25,000-ton import.

Portugal is expected to continue to import increasing quantities of U.S. tobacco products, inedible oils, and tallow, which together earned some $4 millio in 1965. The market for cotton—earner of $3 millior in 1965—is especially promising since 1965 production Portugal's Overseas Provinces was considerably below n nal.

Threshing in the Cape Province, major wheat growing area (South African Dept. Info. photo)

South Africa To Buy Record Amounts of U.S. Wheat in 1966

South Africa recently made its second 100,000-ton purchase of U.S. wheat this year—still less than half what the country will need to import for its flour mills in 1966. Indications are that the United States will be chief source for the remainder as long as other major wheat exporters have short supplies.

To find out how the United States can best capitalize on the supply and demand situation, Great Plains Wheat representatives Henning C. Vontillius and Eugene B. Vickers went to South Africa last month where, with U.S. Agricultural Attaché Edward J. Bell, they talked with South African Government officials, millers, bakers, and grain dealers. Highlights from their reports on the South African wheat situation follow.

South Africa is normally a wheat importer. Only in 1964-65, with the largest crop in history, was it unnecessary for the Republic to import wheat. When South Africa imports wheat it looks for the best available in terms of cleanliness and baking strength, since long-distance shipping is uneconomical when the percentage of foreign materials and defects is high. For some time South Africa has imported Canadian, Australian, and U.S. hard wheat—on a cash basis—to meet expanding needs.

Local wheat varieties are low in protein, and in most countries they would be considered too soft for yeast-leavened bread. Traditionally, South Africa has been in the market for strong wheats to blend with the softer domestic varieties. Ingenious South African bakers and millers, however, have proved they can "make do" with local wheat as they did in 1964-65 when the domestic crop was sufficient to meet demand.

Shortage in domestic wheat

This year the South African Wheat Board is faced with a severe cutback in domestic production (400,000 tons less than the record crop of 1964-65). The Board has found that if bakeries are to meet demands in 1966 wheat must be imported to supplement local supplies.

Argentina and Australia sold wheat to South Africa earlier this year, 25,000 and 50,000 tons respectively, but their supplies are limited. The American wheat specialists reported, however, that the manager of South Africa's Wheat Industry Control Board made a trip to Argentina to discuss wheat purchases with officials there. It is understood that Canada will have no wheat available until after the new crop is harvested in August. On the other hand, the United States has ample supplies now of the kind of wheat South Africa needs at prices it can afford to pay.

South Africa's Wheat Board makes all policy decisions on wheat production, prices, imports, milling and baking requirements. The Board is made up of representatives of farmers, millers, bakers, and a representative of the Department of Agricultural Economics and Marketing.

Board controls for wheat trade

All wheat grown on South African farms is bought by agents of the Wheat Board at fixed prices. The support price on No. 1 wheat in 1965-66 is $2.52 per bushel. For the 1966-67 marketing year—the crop to be harvested next November—the price of the top grade to producers will be $2.64 per bushel.

The Wheat Board also decides when to import wheat, how much, where and what kind of wheat to buy. Imported wheat requirements for the forthcoming year are usually decided in the preceding December and purchases scheduled to coordinate with other commodity imports and requirements of the mills. The Wheat Board then issues tenders and accepts bids on the quantity and quality of wheat needed. Tenders are usually f.o.b. and the Wheat Board books its own freight. Imported wheat is sold to all millers at the same price as top grades of local wheat.

Imported wheat is delivered to the larger mills by rail and in bulk, with transportation financed by the Wheat Board. In order to save as much inland transportation costs as possible on imported wheat, the grain is fairly evenly distributed among the five major ports of Cape Town, Durban, Port Elizabeth, East London, and Lourenco Marques, Mozambique. Port Elizabeth and East London can handle cargoes up to about 12,000 tons, while the remaining three ports could handle 20,000 tons. The Board tries to distribute the imported wheat evenly among

all of the South African mills, but ordinarily about 60 percent is sent to the mills close to the ports and the remainder inland.

Imported wheat for the mills in the vicinity of Johannesburg and Pretoria is supplied through the port of Lourenço, Marques, Mozambique, because of its proximity. All port facilities, reported the American wheat specialists, are efficient and modern. A portion of all imported wheat is bagged at the larger mills and sent on to the smaller mills which do not have bulk storage facilities. Bagging costs for smaller mills are absorbed by the Wheat Board so the delivered price of wheat is exactly the same to all mills regardless of size or location.

Modern flour mills, many run by European-trained milling technicians, are strategically located throughout the country with some milling capacity at each major port. The mills run at full capacity 24 hours a day, 7 days a week and are shut down only for repairs and maintenance. Some mills, with the licensed permission of the Wheat Board, are expanding their capacity to keep pace with rapid increases in bread consumption. The major mills also have laboratory facilities for product control.

Large amounts of wheat stored by mills

The Wheat Board requires and pays each mill to maintain sufficient storage facilities for a 4-month supply of grain. Large amounts of wheat in storage allow the mills to maintain uniform blends of flour for relatively long periods of time.

Because of the price controls, the Wheat Board sets rigid specifications for flour, particularly for its moisture and ash content. White flour is usually milled to an 80-percent extraction and the flour for dark bread to a 90-percent extraction. The Board maintains a modern cereal laboratory which tests the quality of bread and flour and conducts research on the effect of fertilizers on wheat and additives in baking flour.

By law, additives cannot be used in South African bread products. This includes vitamins, bleaches, and maturing agents. Only electric arc bleaching is permissible.

Larger bakeries mill-owned

Most of South Africa's larger bakeries are owned wholly or in part by the major mills, but operated as separate units. In recent years there has been a tendency for smaller bakeries to consolidate into larger, more economical units. Like the mills, bakery capacity is rigidly controlled by the Wheat Board, which must issue licenses for any new bakeries or increases in capacity. Using conventional baking methods the industry average yield is 140 2-pound loaves per 200-pound bag of flour. Continuous baking can produce up to 148 loaves per bag.

Sixty-seven percent of the bread is white loaves, and the remainder brown or whole wheat. Bread is sold in 2-pound unwrapped, unsliced loaves and delivered to retail stores several times a day. Since additives are forbidden and a rather lean formula is used, the bread has rather short shelf-life. Bakers stated that they were willing to produce wrapped and sliced bread if consumers were willing to absorb a necessary hike in price. The bread subsidy is estimated at about 1 cent per loaf on white bread and 2 cents per loaf on brown.

Midwest Farm Exports

(Continued from page 3)

USDA's worldwide agricultural attaché network, and made available to the U.S. business world;

- Lowering of trade barriers, through negotiations and pressures on foreign governments;
- Export payments, principally on wheat, rice, and cotton, to make higher U.S. prices competitive with lower world prices;
- Market development, wherein the Department of Agriculture shares costs and provides other assistance to help U.S. private industry promote food and agricultural products in foreign markets;
- Export credit, providing both short-term and long-term credit to foreign buyers of U.S. farm products, making it easier for them to purchase.

A three-market world

A panel of University agricultural economists, summarizing conference talks, concluded that the world market for American farm products actually is three markets —a prospering and growing cash market in the developed world, a concessional but improving market in the less developed world, and a questionable market in communist countries of Eastern Europe and the Soviet Union.

The largest potential market in the world lies dormant now in the less developed nations but can profitably be awakened, said Mrs. Dorothy Jacobson, Assistant Secretary of Agriculture for International Affairs.

"Paradoxical as it may seem," she said, "we must help the farmers of developing nations to improve their own agriculture if we want to transform them into better cash customers for our own farm products. And thus we have built this principle into the Administration's new Food for Freedom program."

This kind of progress does bring results, she declared, pointing as examples to Greece which, since 1959, has increased its purchases of U.S. farm products by 16 times, Formosa 13 times and Spain 10 times.

Aside from additional income for farm and city people, bigger agricultural export sales bring much needed help to the ailing U.S. balance of payments, said Hugh D. Galusha, Jr., president, Federal Reserve Bank of Minneapolis. To expand farm exports, he urged U.S. businessmen to search out "profitable opportunities abroad with the same zeal they have displayed in searching for domestic markets."

Many important speakers

Other conference speakers included: Dr. O. Meredith Wilson, president, University of Minnesota; Robert E. Bunker, president, Minnesota World Trade Association; W. R. Pearce, vice president, Cargill, Inc.; D. Gale Johnson, University of Chicago; John E. Carroll, president, American Hoist and Derrick Co.; and John Chrystal, superintendent of banking, State of Iowa.

Also, Robert F. Gray, Hormel and Co., Austin, Minn.; Donald E. Anderson, North Dakota State University; Reynold P. Dahl, University of Minnesota; Lloyd Glover, South Dakota State University; Truman F. Graf, University of Wisconsin; Lee R. Kolmer, Iowa State University.

German Imports of U.S. Farm Goods Again Break Record

By PAUL G. MINNEMAN
U.S. Agricultural Attaché
Bonn, Germany

For the second year in a row, West Germany's imports of U.S. agricultural products have set a record. In 1965 they reached $607 million, against the 1964 peak of $587 million—despite sharply subnormal imports in January and February when U.S. dock strikes cut shipments.

However, the rise in Germany's farm imports from the United States has not kept pace with the rise in its imports from companion members of the European Economic Community and from non-EEC countries. The dollar volume of its total agricultural imports in 1965 was 46 percent above the average for the 2 years 1960 and 1961. But those from the United States rose only 33 percent while those from other third countries rose 38 percent and those from EEC countries 68 percent.

What we sell the West Germans

In 1965, soybeans and their products accounted for $174 million, or over 28 percent of our $607-million agricultural sales total in West Germany. This includes $139 million for soybeans, $34 million for soybean meal, and $1 million for soybean oil. The second largest group was feed grains (corn, grain sorghum, barley, and oats), totaling $111 million. These two groups, plus $76 million worth of leaf tobacco, accounted for 59 percent of the U.S. total.

The Germans upped their purchases of several important U.S. farm products in 1965. Biggest increases (in millions of dollars) were these: Corn, by $13.4, to $77.9 (a record level); soybean meal, by $11, to $33.7 (also a record); grain sorghum, by $8.2, to $15.2; canned peaches and cherries, by $6.1, to $19.1; tobacco, by $5.5, to $76.3; and cottonseed oil, by $4.8, to $20.8. But German purchases of some other U.S. items declined. Biggest decreases (also in millions of dollars) were $27.6 for cotton, to $24.2; $6.7 for soybeans, to $138.9; $4.3 for wheat, to $24.1; $3.2 for rice, to $6.2; and $2.6 for barley, to $13.6.

As usual, these figures for German agricultural imports from the United States are considerably higher than the corresponding U.S. figures for exports to Germany. The German total of $607 million, f.o.b. basis, is 40 percent above the U.S. total of $433.5 million, c.i.f. basis. Perhaps 10 to 15 percent of the difference could be accounted for by ocean freight and insurance; the rest comes from items—particularly bulk products—that appear in U.S. export statistics as going to Dutch or Belgian ports, where they are reloaded on Rhine River barges for Germany.

How U.S. products rate in German market

West Germany is one of the world's largest importers of agricultural products, for it is only about 70 percent self-sufficient in food and has almost no production of natural fibers. In 1965, its agricultural imports from all sources rose to an alltime high of $4.9 billion, accounting for 28 percent of its total imports.

The United States was Germany's principal supplier in 1965 of soybeans and cottonseed oil (95 percent each); grain sorghum, soybean meal, and tallow (70 to 80 percent); canned peaches and flaxseed (65 percent); corn, variety meats, lentils, canned asparagus, and canned cherries (over half); and wheat, rye, hops, lard, canned pineapples, dried pineapples, dried peas, and peanut oil (about a fourth).

In the booming German agricultural market, the total U.S. share for 1965 was slightly over 12 percent, compared with nearly 14 percent the year before (when Germany imported more U.S. soybeans, cotton, and wheat) and with the average of 13.5 percent in the 2 years before the EEC import levies began.

These levies were applicable to feed grains, rice, poultry, and eggs in 1965—items that accounted for over a fourth of Germany's total farm imports from the United States. But nearly two-fifths of the total consisted of items that came in duty-free—for example, oilseeds, oilmeal, cotton, and hides. The rest—most importantly tobacco; canned fruits, vegetables, and juices; and vegetable oils—were subject to specific import duties.

Other suppliers' shares change

Other third countries together supplied well over half of Germany's agricultural imports. Their share was 56.2 percent in 1965—only slightly less than in 1964 but well below the average of 59.3 percent in 1960 and 1961.

About a third of the imports from these countries were tropical products like coffee, cacao, spices, and bananas; another fourth, largely tropical. Cotton made up another 10 percent; the remaining third were Temperate Zone products, largely supplemental to those of the EEC.

The most important of these was grain, of which the third countries supplied 34 percent of the total, including 67 percent of the wheat. Another important group was livestock and meat, including 98 percent of the cattle, 83 percent of the hogs, and 55 percent of the beef. The third countries also supplied about 90 percent of the imported feeds and fish and 85 percent of the wool, cotton, and dried fruits.

The EEC share of Germany's agricultural import total is now close to a third, having first risen from a 27-percent average in 1960 and 1961 to 29.3 percent in 1964.

EEC countries sold Germany three-fourths or more of its imported fresh vegetables, flowers, pork, dairy products, eggs, deciduous fruit, lemons, wine, and sugar; two-thirds the poultry; nearly half the beef, canned vegetables and juices; two-fifths of the corn, barley, and lard.

U.S. prospects for 1966

Some further increase in Germany's imports of U.S. soybeans and feed grains may be expected in 1966, and its imports of U.S. wheat and cotton also should be well above the low 1965 levels—wheat during the first half of the year and cotton during the latter half. Some decline in poultry should be offset by some increase in rice and canned fruit. Thus, present indications are that the total value of Germany's farm imports from the United States should increase by about 5 percent or $30 million, making 1966 another record year.

U.S. To Show Poultry for First Time in USSR at World Congress

The 13th World's Poultry Congress and concurrent exhibition to be held in Kiev, USSR, August 15-28 will be the United States first poultry exhibit in the Soviet Union.

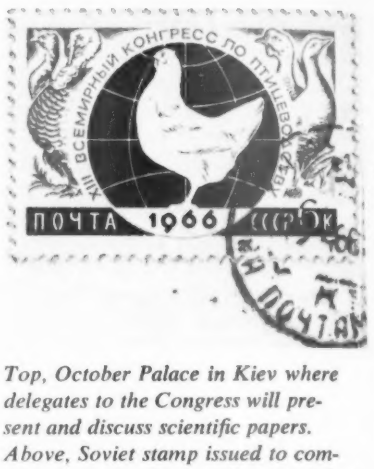
The 15 U.S. firms which have already booked space plan to display pharmaceuticals, feed concentrates, pictures of modern U.S. poultry farms, and brochures in English and Russian explaining U.S. poultry breeding, raising, and marketing.

The exhibition—which will be open to the public—will be held at Kiev's fairgrounds. The U.S. exhibit will show how an efficient industry produces high-protein meat at a reasonable price. Other major poultry producers are also expected to exhibit, among them Canada and New Zealand.

The quadrennial Congress, meeting in Kiev's October Palace Aug. 15-21, will hear technical papers dealing with the scientific and economic problems affecting world poultry production and trade. U.S. poultrymen will be able to discuss new developments in poultry breeding, nutrition, disease control, and marketing with specialists from other top poultry-producing countries.

Several thousand researchers, industry representatives, poultrymen, and government officials from the United States and other non-Communist countries are expected to be there as well as poultry specialists from the Soviet Union and Eastern Europe. To date, some 150-175 Americans plan to attend. The official U.S. delegation will include 12 poultrymen from science, industry, and government, and U.S. Agricultural Attaché to Moscow Brice K. Meeker.

Before going to Kiev, some of the American poultrymen will attend the World Turkey Federation Congress in London, August 5-6. Others will present technical papers at the Second International Congress of Food Science and Technology in Warsaw immediately after the Kiev Congress.



Top, October Palace in Kiev where delegates to the Congress will present and discuss scientific papers. Above, Soviet stamp issued to commemorate the Poultry Congress' first meeting and exhibition in the USSR.

Iranian Dairyman Seeks U.S. Holstein Bull Calves and Heifers

Iranian dairy farmer Jahangir Sepahpour was in the United States recently to arrange the purchase of 13 top-quality Holstein bull calves—Iran's first imports of baby calves for breeding from this country. He plans to return in the fall to buy a substantial number of Holstein bred heifers.

To boost production on his farm, Mr. Sepahpour wants bull calves whose dams average at least 20,000 pounds annual milk production and 4 percent butterfat content.

Beginning with 36 U.S. Holstein calves in 1959, Mr. Sepahpour has built up his herd to 500 head through a breeding program and the import of Israeli cattle of U.S. origin. Production on his farm last year averaged a little over 15,000 pounds of milk and 540 of butterfat.

Interest in dairy cattle is on the rise in Iran. The government dairy plant built a few years ago is already too small for the supply of milk available and plans are underway to double its capacity.

Mr. Sepahpour inspects U.S. Holstein bull calf.

The Sepahpour dairy farm in Iran.

The Hops Situation in Most Major Foreign Producing Countries

According to the most recent estimates, the world's 1965 hops crop now appears to have been virtually the same as in 1964. Details on 1965 output and trade of some major producers, as well as the 1966 harvests of the four Southern Hemisphere producers, follow.

French crop above average

On the standard 3,279 acres set by agreement between hop growers and brewers, France produced 4.5 million pounds of hops in 1965. The yield of 1,376 pounds per acre was above average for France but well below the 1,632-pound yield in 1964.

French hops imports for the year beginning September 1, 1964, totaled 2.8 million pounds of which only 0.1 million came from the United States. During the first 6 months of the current season, imports are lagging behind last season's pace, but total 1965-66 imports will probably equal last season's level.

French imports of hops extracts rose from 202,000 pounds in calendar 1964 to 241,000 pounds in 1965. This amount would replace 750,000 pounds of hops.

British harvest somewhat up

The United Kingdom's hops production totaled 29.0 million pounds in 1965. This was 2.5 percent above the 1964 crop and somewhat above average. Both imports and exports for the year beginning October 1, 1965, may be below the 1.7 million pounds imported and 2.5 million pounds exported in 1964-65.

Beer production in the United Kingdom totaled 41.2 million barrels (U.S.) in 1964-65—only slightly more than was brewed the year before. Brewery output during this season is expected to increase only marginally.

Spanish production drops in 1965

Latest estimates place the 1965 Spanish hops crop at only 2.7 million pounds—16 percent under earlier estimates and 8 percent below the 1964 crop. This is the first year since Spain began producing hops commercially about 15 years ago that hops production has shown a decline. However, the crop is still well above average.

Spanish beer production continues to climb. While no substantiating data are available, it is believed that extracts are making up an increasing share of Spanish hops usage. Spain is expected to import about 0.5 million pounds of hops during 1966.

Estimates for Eastern Europe revised

The 1965 East European hops crop (excluding the USSR) appears to have been 10 percent smaller than earlier figures indicated. As reported in *Foreign Agriculture*, May 9, 1966, the Yugoslav crop figure has been lowered 9 percent.

Estimates of the hops crops in other European Communist countries, in millions of pounds and with the percentage change from earlier estimates in parentheses, follow: Bulgaria, 1.3 (no change); Czechoslovakia, 15.9 (down 2 percent); Hungary, 1.1 (no change); Poland, 4.6 (down 40 percent); Romania, 1.2 (no change); East Germany, 5.8 (down about 1 percent).

Revised West German estimates

West Germany's 1965 hops crop is now estimated at about 40.5 million pounds, the same as the 1964 crop. This represents a 4.5 percent reduction from the official forecast released at harvest time.

As the smallness of the crop became apparent and as free stocks dwindled, spot prices rose in March to $1.18 per pound for Hallertau, $1.29 for Spalt, and $1.36 for Tettnang hops. About 90 percent of the crop was covered by advance-sale contracts.

West German exports from September 1965 through February 1966 totaled 11.1 million pounds compared with 12.4 million in 1964-65. Total 1965-66 exports are not expected to exceed 13 million pounds as against 14.1 million the year before. However, exports of hops in the form of extracts are expected to top 3 million pounds (dry-hops equivalent) as against 2.5 million last year.

The 1966 hops crop is reported to have come through the winter in fine shape. Area under hops is estimated to have increased by some 5 percent to about 27,000 acres from 25,733 last year. A larger crop is expected.

South Africa has small crop

South Africa's 1966 hops crop is estimated at 200,000 pounds, one-third larger than the 153,000-pound 1965 crop but still below average.

Imports of bulk hops during 1966 are expected to total only about 350,000 pounds. Of the 601,000 pounds of bulk hops imported in the first 9 months of 1965, the United States supplied only 7 percent at an average value of only 45 cents per pound. Obviously some of these were low-quality hops.

On the other side of the picture, South Africa also imports packaged hops for retail sale to home brewers. Of the 139,000 pounds entering in January-September 1965, all came from the United States. Total imports of packaged hops are expected to reach 190,000 pounds in 1965 and 200,000 pounds in 1966.

New Zealand produces record crop

Early-season predictions of a record hops crop in New Zealand appear certain to be substantiated when final returns are complete.

On April 19 the Hop Marketing Committee had received 3,679 bales of approximately 300 pounds each for an estimated total of 1,037,000 pounds of first-grade hops. In addition, a few more bales of first grade are expected to come in, and an estimated 12,000 pounds of second grade will be available for packet distribution in the domestic market. Thus, the crop appears at this time to be about 1,050,000 pounds or about 0.3 million pounds in excess of projected brewery consumption.

The number of licensed growers held steady, and acreage was increased only slightly. On 64 farms 665 acres were licensed. Yield per acre, at about 1,580 pounds, is the highest recorded since 1962.

NEW ZEALAND'S HOP PRODUCTION

Year	Cultivated area	Yield	Production
	Acres	*Pounds per acre*	*1,000 pounds*
1962	533	1,665	888
1963	553	1,200	664
1964	611	1,084	662
1965	661	1,566	1,036
1966	665	1,580	1,050

New Zealand Hop Marketing Committee.

Australia harvests average crop

Australia's 1966 hops crop has just been harvested and is estimated at 3.8 million pounds. This is about an average crop and is up substantially from the short crops of the past 2 years. However, it is still not large enough to cover brewery needs. The crop was produced on about 2,300 acres for a yield of 1,650 pounds per acre—somewhat low by Australian standards.

AUSTRALIA'S IMPORTS OF HOPS

Country of origin	Fiscal years		July 1965-February 1966
	1963-64	1964-65	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	—	135	291
United Kingdom	—	527	462
New Zealand	—	73	69
Belgium	20	229	120
West Germany	—	36	90
East Germany	—	—	90
Yugoslavia	40	67	40
Total	60	1,066	1,162

Commonwealth Bureau of Census and Statistics.

Australia's import requirements for the 1965-66 fiscal year are expected to total about 1.3 million pounds. July-February imports totaled 1.2 million pounds, of which the United Kingdom supplied 40 percent (at an average price of 90 cents per pound) and the United States furnished 25 percent (at 55 cents per pound). This is only the second year in the past decade that Australia has imported U.S. hops. However, it seems quite obvious that brewers will buy U.S. hops whenever they can secure permission to import them. In fiscal 1966-67 imports should still exceed a half-million pounds.

Argentine production rising

Argentina's 1966 hops crop is estimated to be slightly higher than in 1965 when 251,000 pounds were harvested. Although there is no official estimate, the prospect is for production of about 265,000 pounds.

Industry sources indicate that yields were relatively good from a planted area that was possibly 12 acres larger than the 405 acres of the previous season. Some damage from a fungus disease occurred in one of the growing areas in 1965.

Imports in calendar 1965 were 392,000 pounds, up 20 percent from 1964. The United States was the principal supplier, with 72 percent of the total. West Germany supplied most of the rest, with some from France. The import level probably will be about the same in 1966.

Hard Fibers Consultation Held in Rome

The Second FAO Ad Hoc Consultation on Hard Fibers was held in Rome April 27-30. All major producing countries except Mexico were represented. The United States, a major consumer of hard fibers, was also represented.

The meeting's delegates recommended to the Committee on Commodity Programs the early establishment of an FAO study group for hard fibers (including principally sisal, abaca, and henequen). Purpose of the group would be to seek means of improving statistics and to study the problems of the hard fiber industry from production to final consumption, looking toward long-term equilibrium in supply and demand and toward the alleviation of short-term price fluctuations.

The delegates agreed that hard fibers face declining world demand in a general situation of mounting world production. Although certain hopeful short-term factors—such as drawdown of stocks, adverse weather conditions in 1965, and heavier sales to Communist countries of Asia and Europe—are promoting supply-demand equilibrium, the industry must deal with a long-run prospect of weakening prices and the loss of markets to synthetics.

The hard-fibers situation in the U.S. market for the past few years appears to have been somewhat better than in the world at large. For example, much of the incentive for rapid development of manmade substitutes for baler and binder twine in the United States was removed when the price of natural fiber fell in 1964. In fact, the country's consumption of raw and manufactured hard fibers is believed to have increased in 1965 over 1964. U.S. imports of hard fibers, both raw and manufactured, also increased in 1965, and there appears to have been some drawdown of U.S. stocks.

Production of Spunstron Cordage Fiber Rises

"Spunstron," a polypropylene staple fiber for rope making, is now being produced in County Antrim, Ireland, at a new plant with a capacity three times that of the plant in North Yorkshire.

"Spunstron" was introduced in 1962 by I.C.I. Fibres, Limited, and is now the largest-selling synthetic rope material in Great Britain. It is in 40-inch lengths and may be processed on standard sisal or abaca machinery.

Canadian Honey Production, Exports Up

Production of honey in Canada in 1965 was a record 46.1 million pounds, compared with a previous high of 42.1 million pounds in 1963.

The number of beekeepers has been declining steadily in recent years and numbered only 10,350 in 1965. However, the number of colonies per keeper has offset this decline, as total colonies rose to 413,030 in 1965 from 382,240 in 1964. Alberta is the largest producing Province and produces predominantly the white grade in greater demand for export as well as for blending with darker grades.

The number of bee colonies in 1966 is expected to be near or above the 1965 level. Since weather is such a determining factor, there is not yet much indication as to the size of the 1966 crop.

Exports in 1965 amounted to 7.9 million pounds—the

bulk of which went to the United Kingdom—against 4.9 million pounds the year before. There has been a trend toward smaller containers for shipments to the United Kingdom. Domestic consumption has been climbing steadily in recent years and in 1965 amounted to about 40 million pounds, up from 31.8 million in 1964.

Norway's Imports and Use of Soybeans and Oil

Norwegian imports of soybeans in 1965, at 131,822 metric tons (4.8 mil. bu.), were 13 percent above the 1964 level. All the beans were from the United States. Soybean oil imports, virtually all from Denmark, totaled 449 tons against 307 a year earlier.

NORWAY'S IMPORTS OF SOYBEANS AND SOYBEAN OIL

Commodity and country of origin	1962	1963	1964	1965
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Soybeans:				
United States	73,973	74,816	116,867	131,822
Panama	1,078	—	—	—
Total	75,051	74,816	116,867	131,822
Soybean oil:				
Denmark	3,996	2,330	307	447
United Kingdom	—	797	—	—
United States	340	—	—	—
Netherlands	302	—	—	—
Others	—	4	—	2
Total	4,638	3,131	307	449

Central Bureau of Statistics, Oslo.

The edible fat industry consumes almost 90 percent of Norway's soybean oil. Consumption in 1965 was 10 percent above that of 1964.

NORWAY'S UTILIZATION OF REFINED SOYBEAN OIL

Industry	1962	1963	1964
	Metric tons	*Metric tons*	*Metric tons*
Edible fat industry	9,114	9,595	10,542
Soap industry	118	64	167
Paint and varnish industry	795	884	752
Other industries	94	233	537

Central Bureau of Statistics, Oslo.

Philippine Exports of Coconut Products

Registered exports of copra and coconut oil from the Philippine Republic during January-April 1966, oil-equivalent basis, totaled 274,354 long tons, 37 percent above the 199,930 tons registered in 1965. Exports of copra rose 39 percent and those of coconut oil, 34 percent.

Exports of desiccated coconut during the first 4 months of 1966 totaled 17,661 short tons, only 23 tons more than exports in the comparable months of 1965. Shipments to the United States were 13,364 tons, compared with 13,714 tons last year.

Fishmeal Production and Exports by FEO

Production of fishmeal by the six members of the Fishmeal Exporters' Organization (FEO) in January-February 1966, at 552,300 metric tons, was one-third above that in the same months of 1965. The marked increase chiefly reflected improved fishing in Peru and Chile.

In the same period exports from these countries, which account for more than 90 percent of the world's total, were 366,900 tons—or slightly less than in 1965. Thus, the change in tonnage available for stock building and domestic consumption in FEO countries indicates an increase on March 1 of 185,400 tons from the January 1 level. The indicated increase is sharply above the 36,200-ton increase indicated for the like period of 1965.

Preliminary data place Peru's monthly fishmeal production in March and April at about the February volume. Thus, production in the 4-month cumulative period through April may have exceeded 780,000 tons.

PRODUCTION AND EXPORTS OF FISHMEAL BY FEO COUNTRIES, JANUARY-FEBRUARY 1965 and 1966

Country	Production		Exports	
	1965	1966	1965	1966
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Angola	10.6	[1]3.4	12.1	[1]3.4
Chile	23.7	60.6	15.2	26.8
Iceland	9.2	12.8	15.6	26.2
Norway	24.6	32.6	25.7	36.9
Peru	316.4	421.7	295.1	263.0
South Africa	31.3	21.2	15.9	10.6
Total	415.8	552.3	379.6	366.9

[1]Does not include data for February.
Fishmeal Exporters' Organization, Paris.

Norway's Margarine Production Down Slightly

Norway produced 89,263 metric tons of margarine in 1965, slightly less than the 90,800-ton average of the previous 3 years. Percentages of the various fats and oils used were as follows: marine fats, 63; coconut oil, 17; hydrogenated soybean oil, 6; other fats and oils, 14.

NORWEGIAN MARGARINE INDUSTRY'S USE OF OILS AND FATS

Oil or fat	1963	1964	1965
	Metric tons	*Metric tons*	*Metric tons*
Marine fats and oils	50,095	50,553	48,570
Coconut oil	13,945	13,358	13,301
Hardened vegetable fats[1]	3,537	3,889	4,647
Other fats and oils	11,038	10,338	10,459
Total	78,615	78,138	76,977

[1]Exclusively hydrogenated soybean oil.
The Royal Norwegian Ministry of Agriculture, Oslo.

South Africa's Sunflower, Peanut Crops Up

Current estimates indicate a sharp increase over 1964-65 in South Africa's 1965-66 sunflowerseed production from the crop now being harvested, but only a slight increase in peanut production. Prevailing dry weather, however, could result in a reduction of these estimates.

Sunflowerseed production is placed at 109,000 short tons, almost one-third above last year's output. The sharp increase tentatively expected is attributed to expanded acreage, which in turn resulted from the planting of drought-ruined corn lands to sunflowerseed, especially in the eastern regions of the corn triangle, and from late rains which allowed farmers in the western region of the corn triangle to increase the acreage planted to sunflowerseed by about 4 percent.

Peanut production is estimated at 151,000 tons, shelled basis—3 percent or 5,000 tons above last year's output despite a slight decline in acreage.

Should the expected increases in peanut and sunflower-

seed production materialize, South Africa would be able to meet the expected increased local consumption of oils in 1966-67 and to export about 20,000 tons of edible peanuts, 5,400 tons of peanut oil, and 560 tons of sunflowerseed oil. Exports, especially those in 1965-66 and 1966-67, are made chiefly to maintain export market outlets for possible production surpluses in the future. No imports are anticipated at present.

U.S. Cotton Exports for April

U.S. cotton exports in April were 176,805 bales, compared with 236,000 in March and 406,817 in April 1965.

Exports for the first 9 months (August-April) of 1965-66 amounted to 2,410,000 running bales, 23 percent below the 3,145,000 bales exported in the same months of the previous season.

The slowdown in exports in recent months is attributed mainly to a tendency on the part of foreign buyers to liquidate stocks while waiting for lower priced cotton available after July 31.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1				
	Average			Aug.-April	
	1955-59	1963	1964	1964	1965
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	33	23	11	9	1
Belgium-Luxembourg	160	176	80	68	37
Bulgaria	0	19	0	0	0
Denmark	17	16	6	5	5
Finland	22	10	11	10	8
France	360	380	184	160	93
Germany, West	475	401	217	200	81
Hungary	0	18	0	0	0
Italy	416	442	260	237	80
Netherlands	124	127	65	61	35
Norway	10	14	13	11	9
Poland & Danzig	85	132	67	67	42
Portugal	28	35	22	18	5
Spain	171	14	28	15	9
Sweden	75	88	58	49	56
Switzerland	64	95	66	61	32
United Kingdom	525	286	153	127	117
Yugoslavia	108	78	109	89	117
Other Europe	17	20	10	8	10
Total Europe	2,690	2,374	1,360	1,195	737
Australia	54	91	60	51	28
Canada	217	448	390	263	225
Chile	35	2	1	1	3
Colombia	33	14	1	(1)	56
Cuba	27	0	0	0	0
Ethiopia	4	9	4	(1)	17
Hong Kong	134	187	150	117	80
India	184	314	243	98	44
Indonesia	30	21	47	47	(1)
Iraq	0	20	0	0	0
Israel	16	26	23	18	5
Japan	1,154	1,301	990	789	600
Korea, Rep. of	205	313	261	183	216
Morocco	10	15	12	11	10
Pakistan	14	8	9	9	6
Philippines	64	140	75	58	67
South Africa	26	37	43	36	23
Taiwan (Formosa)	153	189	203	142	141
Thailand	4	39	55	39	46
Uruguay	15	(1)	0	0	(1)
Venezuela	2	12	6	5	5
Vietnam[2]	2	75	63	40	46
Other countries	27	27	64	43	55
Total	5,100	5,662	4,060	3,145	2,410

[1]Less than 500 bales. [2]Indochina prior to 1958; includes Laos and Cambodia.

India's Cotton Estimate Lowered

The 1965-66 cotton crop in India is currently estimated at 4.5 million bales (480 lb. net), compared with last season's crop of 4.9 million. The reduced production—smallest outturn since 1961-62—is attributed to insufficient moisture during last summer's monsoon.

Despite the overall decline in production, northern India's production of Bengal Desi was larger than a year earlier. Production of Bengal Desi, the export variety, increased from 275,000 bales in 1964-65 to about 400,000 this season. However, exports of this type through April were running over 10 percent behind the level of a year earlier. Japan maintains her position as the largest buyer of Desi cotton.

Imports of cotton into India have been lower than a year earlier. Through the end of April, total imports arranged under clearing agreements with the United Arab Republic and Sudan and under barter and P. L. 480 programs totaled about 510,000 bales. No hard-currency imports are permitted. In addition, agreements have reportedly been concluded for imports from Tanzania and Uganda of 8,000 and 30,000 bales, respectively, with licenses already approved for those from Uganda. Total imports for the season will likely be around 550,000 bales, compared with 668,000 in 1964-65.

Consumption of cotton in India in 1965-66 is expected to be down about 7 percent from last year's 5.5 million-bale level—largely because of an accumulation of unsold stocks of yarn and cloth earlier in the season, shortages of power, and an 11-day labor strike in Bombay textile mills.

Spain's Imports of Leaf Tobacco at Record

The Spanish Tobacco Monopoly's imports of unmanufactured tobacco (withdrawals from bonded warehouses) during 1965 totaled a record 65.1 million pounds, compared with the Monopoly's withdrawals of 60.3 million in 1964 and 48.0 million in 1963.

Imports were stepped up because of rising annual leaf usage and to offset declining availabilities from the domestic crop. The smaller domestic deliveries resulted from some area reduction and losses to blue mold and fusarium wilt.

SPANISH TOBACCO MONOPOLY'S LEAF IMPORTS

Origin	1963	1964	1965
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Brazil	13,697	20,139	26,005
Philippines	17,853	19,310	19,195
Cuba	3,305	4,440	5,736
United States	1,872	4,019	4,400
Paraguay	(1)	(1)	4,301
Dominican Republic	(1)	(1)	4,162
Colombia	2,169	2,015	805
Others	9,078	10,335	458
Total	47,974	60,258	65,062

[1]If any, included in others.
Spanish Tobacco Monopoly.

Brazil and the Philippines continued as the Monopoly's principal sources of imported leaf. Takings from these two countries during recent years have represented slightly over two-thirds of total imports. Imports from Cuba have also increased, but those from Colombia show a downward trend. Imports of U. S. leaf have risen since 1962 but the volume is still substantially below that of the mid-1950's.

The Monopoly's usings of leaf tobaccos last year totaled a record 116.4 million pounds, compared with 102.9 million in 1964 and 98.7 million in 1963. Domestic leaf represented slightly under one-third of total usings in 1965 in contrast to about 50 percent during the past decade. Use of U. S. tobaccos has risen in recent years and represented 3.5 percent of total usings last year—still considerably below the percentage share of slightly over 7 percent for the mid-1950's. The absolute volume of U. S. leaf used approximates only 60 percent of that for the earlier period.

Netherlands Tobacco Imports Up Last Year

Gross imports of tobacco (including leaf, stems, and scrap) into the Netherlands totaled 105.4 million pounds in 1965, up 5.5 percent from 1964. The United States supplied 33.6 million pounds or 31.9 percent of the total in 1965, compared with 30.1 percent in 1964 and 28.3 percent in 1963.

Major suppliers other than the United States were Rhodesia-Zambia-Malawi, 16.7 million pounds; West Germany (largely Indonesian-grown leaf), 14.1 million; and Brazil, 9.0 million.

Import prices per pound for various unstemmed tobaccos in 1965, in terms of U. S. cents per pound were: U. S. flue-cured, 61 cents; Rhodesian (mainly flue-cured), 42; U. S. Kentucky-Tennessee fire-cured, 53; Italian fire-cured, 41; U. S. burley, 93; Rhodesia-Malawi burley, 35; Greek oriental, 74; and Turkish oriental, 59.

GROSS IMPORTS OF UNMANUFACTURED TOBACCO INTO THE NETHERLANDS[1]
[Direct and from bonded warehouses]

Origin	1963	1964	1965
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	27,744	30,095	33,574
Rhodesia-Zambia-Malawi	12,536	13,731	16,671
Germany, West[2]	11,876	16,113	14,090
Brazil	7,813	9,277	9,037
Belgium	5,196	5,578	5,502
Rep. of South Africa	5,159	4,187	4,429
India	3,485	3,655	3,043
Philippines	1,010	1,658	1,971
Turkey	1,280	1,239	1,752
Dominican Rep.	1,232	2,048	1,576
Paraguay	1,689	1,581	1,341
Italy	3,294	2,033	1,241
Cuba	816	560	1,221
Greece	959	741	822
Canada	604	834	725
Argentina	1,087	1,236	712
Indonesia	234	395	331
Others	4,350	4,894	7,342
Total	87,364	99,855	105,380

[1]Includes stems and waste. [2]Mainly re-exports of Indonesian leaf.

Swiss Cigarette Output Reaches New High

Swiss cigarette output last year reached a record 19.1 billion pieces, 21.7 percent larger than the 15.7 billion produced in 1964. Filter-tipped brands accounted for 85.3 percent of total output, compared with 83.8 percent the previous year.

Output of Maryland-type cigarettes, at 7,940 million pieces, was up 13.4 percent from the 7,001 million produced in 1964. However, they dropped to 41.6 percent of total output from 44.7 percent in 1964.

Production of the American-blend type last year totaled 7,766 million pieces, compared with 5,350 million in 1964. These cigarettes represented 40.7 percent of total output in 1965, compared with 34.1 percent in 1964 and 28.8 percent in 1963.

SWITZERLAND'S CIGARETTE OUTPUT

Type	1963	1964	1965
	Million pieces	*Million pieces*	*Million pieces*
Maryland	7,162	7,001	7,940
American Blend	4,400	5,350	7,766
European Blend	1,571	1,556	1,675
Oriental	1,041	796	750
Domestic	826	707	694
Virginia	299	260	248
Total	15,299	15,670	19,073

Yugoslavia's Tobacco Exports Down

Yugoslavia's tobacco exports totaled 43.4 million pounds in 1965, compared with 50.2 million in 1964. Smaller exports to Poland, East Germany, and France more than offset larger shipments to West Germany and the United Arab Republic.

The United States, as in 1964, was top market for Yugoslavian leaf. U. S. purchases fell only slightly from 10.4 million pounds in 1964 to 9.8 million last year.

YUGOSLAVIA'S TOBACCO EXPORTS

Destination	1964	1965
	1,000 pounds	*1,000 pounds*
United States	10,392	9,760
Soviet Union	6,543	6,645
Poland	9,655	6,451
Czechoslovakia	5,270	5,289
Germany, East	7,373	5,181
Italy	2,536	2,601
Germany, West	1,793	2,149
UAR (Egypt)	57	1,532
France	3,427	774
Belgium	361	542
Others	2,769	2,513
Total	50,176	43,437

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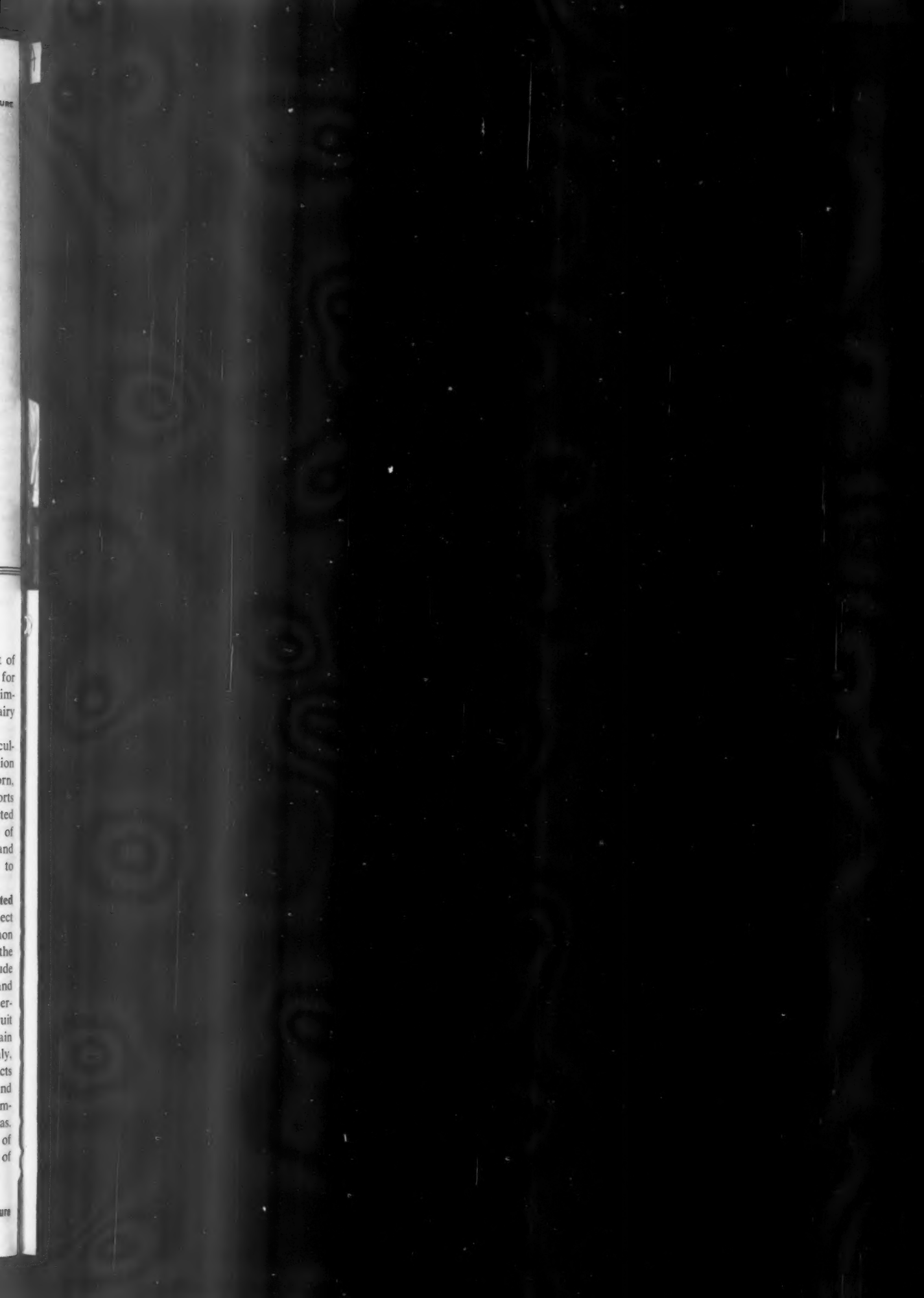
Highlights of the Agriculture and Trade of Italy

Resources.—The total area of Italy is about 117,000 square miles, slightly larger than the State of Arizona. Plowed agricultural land accounts for 53 percent of the total area, permanent meadows and pastures 17 percent, and forest land 19 percent. Italy has a population of nearly 53 million and a labor force of 20 million. In 1965, gross national product (GNP) was about $51 billion (at 1964 prices), or nearly $1,000 per capita.

Agriculture.—The agricultural production index for 1965-66 is estimated at 2 points above the 117 realized in 1964-65 (1952-53/1954-55 = 100). Gross agricultural product (GAP) was $7.3 billion in 1965 or about 14 percent of GNP. About one-fourth of Italy's labor force is employed in agriculture. Livestock and livestock products contribute over one-third of the value of agricultural production. Fruits and vegetables contribute an additional one-third. Cereals account for only about one-seventh of the value of agricultural output but over half of the cultivated land is devoted to grains.

Food Situation.—The diet of the Italian people ranks low among the West European countries in terms of the ingestion of calories, total protein, and animal protein. Currently, caloric intake per capita averages about 2,800 daily. Although cereal intake remains high, meat and sugar consumption has increased considerably in recent years.

Foreign Trade.—Italy has had a trade deficit in recent years. Total imports (c.i.f.) amounted to $7.2 billion in 1964 and exports (f.o.b.) $6 billion. Agricultural imports, at $2 billion in 1964, were over one-fourth of total imports. Major agricultural imports were natural fibers, meat and meat preparations, feed grains, and livestock. Agricultural exports were valued at almost $800 million, 13 percent of total Italian exports. Fruits and vegetables accounted for almost two-thirds of these agricultural exports. Other important agricultural exports were wines, rice, and dairy products.

Agricultural Trade With the United States.—Agricultural imports from the United States totaled $227 million in 1964, or 11 percent of Italy's agricultural imports. Corn, cotton, and soybeans are important agricultural imports from the United States. Agricultural exports to the United States in 1964 were valued at $62 million, 8 percent of total agricultural exports. Wine, processed vegetables, and special cheeses are major Italian agricultural exports to the United States.

Factors Affecting Agricultural Trade With the United States.—Many of Italy's agricultural imports are subject to the variable levy-threshold price system of the Common Agricultural Policy (CAP) regulations as defined by the European Economic Community (EEC). These include grains, rice, poultry and eggs, dairy products, pork, and beef and veal. In addition, protective tariffs apply to certain other agricultural commodities including some fruit and oilseeds. Although quantitative restrictions on certain agricultural imports have been partially eliminated by Italy, restrictions remain on a number of agricultural products such as natural honey, raisins, certain vegetable oils, and fruit juices. Sanitation regulations restrict or prohibit imports of some agricultural products from certain areas. Bilateral trade agreements are also used by Italy. Most of these agreements stipulate target quantities. Imports of tobacco are still controlled by a government monopoly.